Exhibit 4

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VW Engineers Wanted O.K. From the Top for Emissions Fraud, Documents Show

By Jack Ewing

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FRANKFURT — Even after Volkswagen pleaded guilty to a nine-year conspiracy to dupe regulators and consumers, the carmaker has continued to insist that top executives played no role in the emissions fraud.

But internal company emails and memos, which were reviewed by The New York Times, indicate that engineers wanted approval from top managers to deploy the illegal software almost from the beginning, with regular status reports noting that high-level signoff was necessary.

The emissions issue was the main agenda for a 2007 meeting attended by Matthias Müller, the current chief executive, who was then Volkswagen's head of product planning, as well as Martin Winterkorn, the chief executive at the time. A presentation for the meeting detailed plans to conceal excess emissions of diesel cars in the United States, including the so-called defeat device at the center of the crime.

Volkswagen said there was no evidence that either executive saw the presentation. An internal summary of the meeting prepared shortly after it took place made no mention of the illegal software. Mr. Mueller and Mr. Winterkorn have denied wrongdoing.

"The Volkswagen Group is aware of the documents," the company said in a statement, "and they do not support the inference that Matthias Müller knew about efforts to develop and use the defeat device."

But the documents, along with the continuing criminal investigations in the United States and Germany, signal that the scandal is creeping closer to Volkswagen's boardroom.

German prosecutors said on Wednesday that Mr. Müller was under investigation over whether he had failed to warn shareholders soon enough about the scandal. German authorities have searched the offices of Mr. Müller and other senior executives. A federal judge in the United States called last month for top managers to be held responsible.

"This is a case of deliberate, massive fraud perpetrated by Volkswagen management," Judge Sean F. Cox of Federal District Court in Detroit said at Volkswagen's sentencing in April.

"We don't know how far up this goes," he added. "We hope the Justice Department will find and prosecute those responsible."

The corporate culture at Volkswagen has been defined by its rigid, top-down approach. Mr. Winterkorn and other top managers scrutinized even small changes to a motor's design, raising doubts about how they could have been ignorant of technology that was installed in so many vehicles.

Shortly after the meeting, engineers moved forward with the deception, putting the defeat device in models that went on sale the next year. In the ensuing years, the carmaker installed the illegal software in 600,000 Volkswagen, Audi and Porsche diesel cars sold in the United States, out of 11 million fitted with the device worldwide.

Wrongdoing on that scale "doesn't happen without a set of incentives — fear, a feeling that even if this is not directly ordered, it is what was expected," said David Bach, a senior associate dean at the Yale School of Management.

Six employees have been charged in the United States over the deception and another has pleaded guilty. No former or present members of the management board have been charged with wrongdoing. The American investigation is continuing, and F.B.I. agents are interviewing witnesses, according to lawyers in the case.

Stuttgart prosecutors said Wednesday that they had found enough evidence to warrant a formal investigation of Mr. Müller on accusations that he was aware of the looming emissions scandal but failed to warn shareholders. Shares of Volkswagen and Porsche Automobil Holding, which controls a majority of Volkswagen shares, plunged after the deception came to light and have only partially recovered.

Mr. Müller is identified as a suspect in connection with his membership on the management board of Porsche Automobil Holding. In a statement, Porsche denied wrongdoing by any of its board members.

Whether top-echelon managers knew of the emissions cheating, and if so, when, has major implications for Volkswagen's finances. Shareholders in Europe and the United States have sued, claiming that members of the management board neglected their duty to warn of risks that could affect the share prices.

By some estimates, the lawsuit could cost Volkswagen $10 billion if shareholders prove that top managers knew of the illegal behavior sooner than they have admitted. Volkswagen has already agreed to pay criminal and civil penalties of $4.3 billion under the terms of a plea agreement with American authorities.

The deception began in late 2006, when Volkswagen engineers realized that a new diesel engine would not meet pollution standards in the United States. Executives just below the management board devised a plan to use software to conceal the cars' emissions.

The documents reviewed by The Times make it clear that the lower-ranking executives were concerned about acting without approval from top management.

In May 2007, one status report on the progress of the new diesel engine noted that high-echelon approval was needed for "off-cycle functionality." That was code for software that would allow cars to produce more emissions outside the simulated driving pattern, or "cycle," used by regulators to test cars on rollers in a lab.

The requests for management approval later disappeared from the status reports, but not the emissions issue. By November 2007, the company's plans to recapture past glory in the United States were seriously behind schedule and over budget. Mr. Winterkorn, the chief executive at the time, scheduled an emergency meeting.

The presentation prepared for the meeting described a function known as "emissions tight mode." That was another way of describing software that would behave differently under test conditions.

According to the document, the mode would step up pollution controls and ensure low emissions when software detected procedures used during tests by United States regulators. The parameters of those tests were publicly known and predictable.

On Nov. 7, 2007, a day before the planned meeting, the presentation was sent as an email attachment to more than a dozen managers just below the top layer of management. The email included a warning to recipients not to forward to anyone else.

That evening, a second presentation was distributed to a smaller group, including several managers, although not Mr. Winterkorn or Mr. Müller.

Both presentations noted that the new engine could not meet nitrogen oxide standards with the existing equipment, and proposed improvements that would cost about 270 euros (about $298 under today's exchange rates) a car.

But the second presentation did not include the appendix describing the specifics of the defeat device. It is not clear why that information was deleted and what specifically was presented at the meeting.

An internal summary of the meeting, reviewed by The Times, said, "The situation regarding technology was acknowledged, and the implementation of the presented measures was confirmed."

After the meeting, Volkswagen delayed sale of the new motor in the United States by a year, to late 2008. The company made some improvements to the motors' emissions systems, but they were not enough.

In late 2008, Volkswagen began selling a new generation of diesel cars in the United States, claiming falsely that the technology was an environmentally friendly alternative to Toyota hybrids. Instead, the company was using a defeat device to cheat regulators.

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